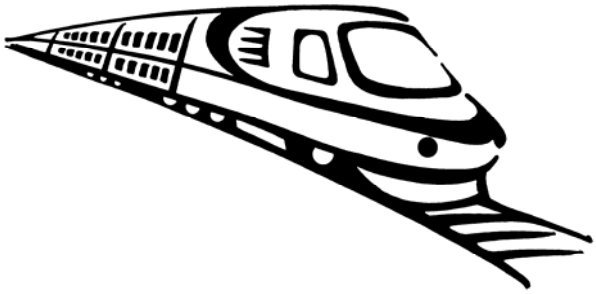
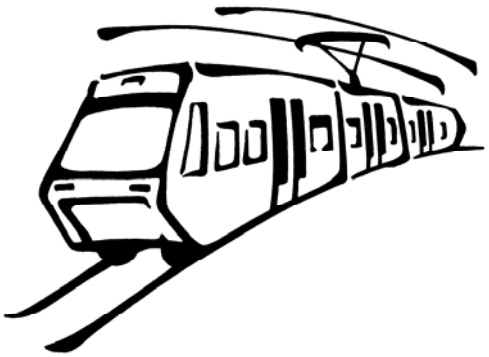
SOUNDTRANSIT

Central Puget Sound
Regional Transit Authority





Quarterly Financial Report

Second Quarter 2006

June 30, 2006

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Second Quarter 2006

Quarterly Financial Report

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TO: Board of Directors

FROM: Joni Earl, *Chief Executive Officer*
Hugh Simpson, *Chief Financial Officer*

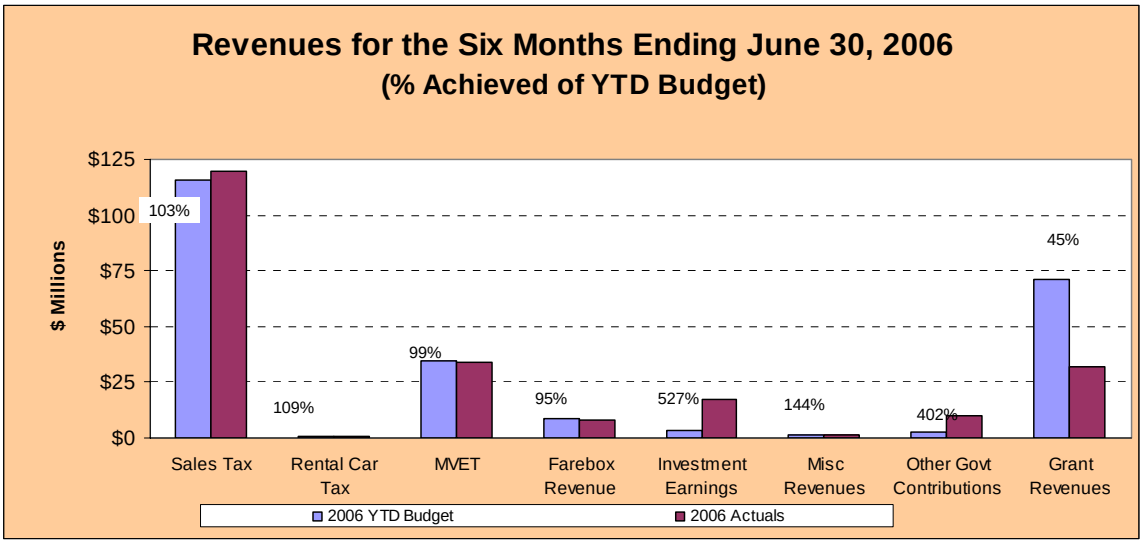
SUBJECT: Second Quarter 2006 Financial Report

Executive Summary

This report summarizes Sound Transit's 2006 financial performance for revenues, transit operations, capital outlays and staff operating expenses. The discussion and graphs below summarize the budget and financial results, followed by detailed financial data, notes assessing the agency's performance to budget and summarized subarea information.

Revenues

The total agency revenues of $223M were under budget for the quarter by $14.8M or 6% primarily due to a lag in federal grant contributions recognized to date. Tax revenues at $154.5M were over budget by $3.1M or 2%. Investment earnings of $17.2M exceeded budget by $13.9M or 427% due to rising interest rates and a conservative forecast of available cash balances. Federal grant revenues at $31.9M were $39.2M or 55% below budget at quarter end. Federal grant contributions for the Sound Move program are still anticipated to meet lifetime budget expectations. Farebox revenues, at $8.2M, were $400K or 5% under budget at the end of the quarter and 16% higher than the second quarter of 2005. YTD ridership is nearly 14% higher than the same period in 2005.

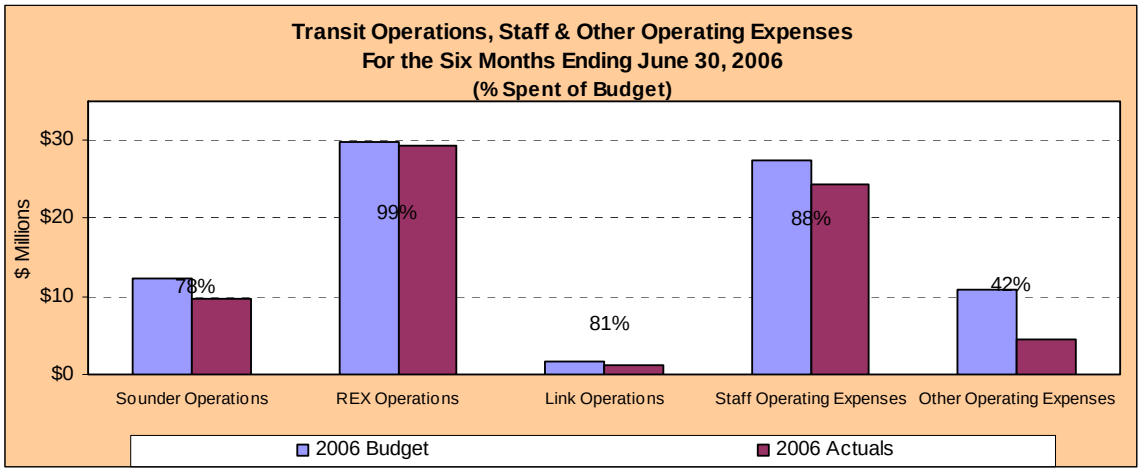


Expenses

Total agency expenses of $101.8M were over budget for the quarter by $17.5M or 21% due to Contributions to other Governments which is a non-budgeted account. The completion of the Federal Way HOV Access Project ($28.5M) was expensed in the first quarter of the year. Transportation Services direct operating expenses, as a percent of budget, were: Sounder 78%, Regional Express 99% and Tacoma Link 81%. Most of the underspending occurred in the Services and Insurance and Purchased Transportation categories.

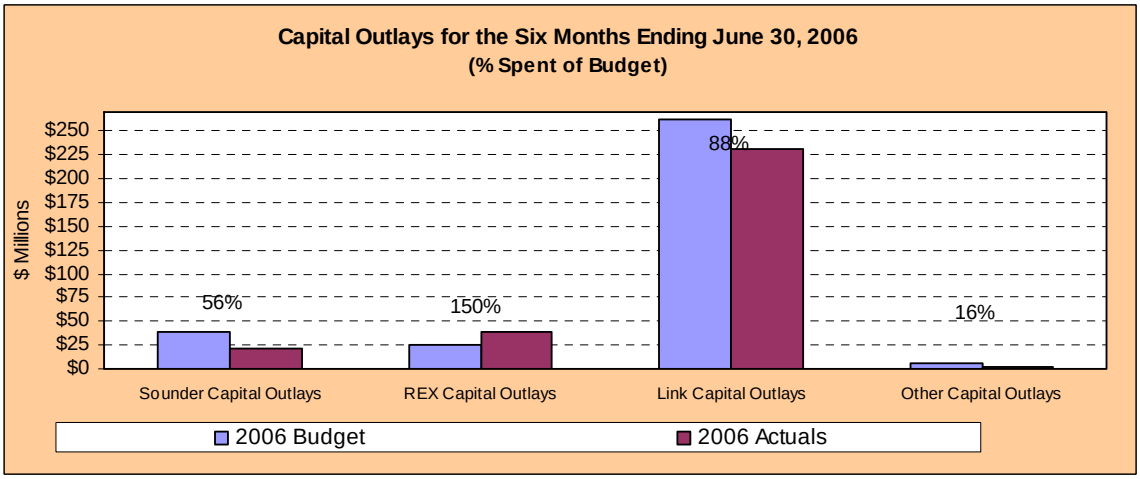
Staff operating expenses of $24.3M was $3.2M or 12% under budget for the quarter. Headcount was also proportionally lower for the end of second quarter.

Other operating expenses of $4.6M include Regional Fund projects, Community Development Fund expenditures, debt-service costs and non-capitalizable costs. These costs were under budget by $6.2M primarily due to lower than expected year-to-date Phase Two planning costs.



Capital Outlays

Total agency capital outlays of $293.3M were 88% of the $333.7M year to date budget. Sounder project expenditures of $22.2M were 56% of budget reflecting lower than anticipated construction spending. The largest delays in spending were on Reservation Freighthouse Square, Tacoma-Lakewood Track & Signal, and Everett Station Phase II. Regional Express project spending at $39.2M was 150% of budget primarily due to timing, as on several projects outlays budgeted in 2005 occurred in 2006. Link project spending at $231M was 88% of the budget due primarily to lower right of way and administration phase expenditures. Other Capital of $975.5K was 16% of the year-to-date budget reflecting delays in Art projects at Link Stations and Smart Card costs. Other Capital Outlays include purchased buses and operating projects such as Art, Research and Technology, and the Fare Integration Project.



Summary Income Statement

The table below summarizes the year-to-date revenues and expenses through June 30, 2006. Overall, agency net income ended the quarter $32.3M below budget. This variance is made up of a $14.8M shortfall in total revenues, and $17.4M in higher expenditures. The two main factors include the contribution of $28.5M to Washington State Department of Transportation for the Federal Way HOV access and delayed receipt of Federal Grants is primarily responsible for the lagging revenues. While spending on projects is budgeted as part of capital outlays, they are expensed or capitalized upon completion. Excluding Contributions to Other Governments, total expenses are $11 million under the YTD budget, and Excess Revenue over Expenses is $3.7 million under budget.

Income Statement

For the Six Months Ending June 30, 2006

Budget to Actuals

	Q1 Actuals	Q2 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals to YTD Budget Favorable/ (Unfavorable)	YTD Actuals as % of YTD Budget
REVENUES						
Tax Revenues	$72,892,701	$81,571,919	$154,464,621	151,374,327	$3,090,294	102%
Farebox Revenues	3,921,060	4,263,359	8,184,418	8,584,074	(399,656)	95%
Investment Income	8,261,907	8,887,982	17,149,889	3,255,630	13,894,259	527%
Other Miscellaneous	723,794	868,364	1,592,158	1,105,476	486,682	144%
State & Local Contributions	5,552,785	4,173,913	9,726,698	2,420,460	7,306,238	402%
Federal Grants	8,273,111	23,660,558	31,933,669	71,121,120	(39,187,451)	45%
TOTAL REVENUES	**$99,625,357**	**$123,426,094**	**$223,051,452**	**$237,861,087**	**($14,809,635)**	**94%**
EXPENSES						
Net Staff Operating Divisions	$ 4,374,411	$ 4,809,182	$9,183,593	$9,803,348	$619,755	94%
Transit Operations	29,424,810	30,116,568	$59,541,377	63,785,062	4,243,685	93%
Regional Fund & Other Operations	1,162,522	1,139,370	$2,301,892	8,884,870	6,582,978	26%
Community Development Fund	307,214	322,941	$630,155	952,744	322,589	66%
Debt Service	112,605	113,457	$226,062	213,264	(12,798)	106%
Non-Capitalizable LOB expenses	279,181	1,141,153	$1,420,334	741,720	(678,614)	191%
Contributions to Other Governments	28,534,025	0	28,534,025		(28,534,025)	
TOTAL EXPENSES	**$64,194,768**	**$37,642,671**	**$101,837,438**	**$84,381,009**	**($17,456,430)**	**121%**
EXCESS REVENUE OVER EXP.	**$35,430,590**	**$85,783,424**	**$121,214,013**	**$153,480,078**	**($32,266,065)**	**79%**

Summary of Net Assets

The following table summarizes assets and liabilities at the end of second quarter and provides comparative data to the second quarter last year. With construction on the Link project, the rate of capital spending continues to increase resulting in an increase in Current Liabilities and an increase in Capital Projects in Progress.

Summary of Net Assets

(in millions)

	As of Jun-06	As of Jun-05	% Change Jun-06 to Jun-05
Current Assets, excluding Restricted Assets	$ 651.4	$ 553.0	18%
Restricted Assets	184.6	555.0	-67%
Property, Vehicles and Equipment, Net of Accumulated Depreciation	1,129.6	1,013.9	11%
Capital Projects in Progress	1,292.8	894.3	45%
Capital Projects in Progress - non ST	123.4	98.2	26%
Other Non-Current Assets	68.6	70.5	-3%
Total Assets	**$ 3,450.4**	**$ 3,185.0**	**8%**
Current Liabilities, excluding Interest Payable from Restricted Assets	119.1	92.3	29%
Interest Payable from Restricted Assets	15.0	14.1	6%
Long-Term Debt	780.5	788.8	-1%
Other Long-Term Liabilites	69.9	67.1	4%
Total Liabilities	**984.4**	**962.4**	**2%**
Net Assets	2,465.9	2,222.6	11%
Total Liabilities and Net Assets	**$ 3,450.4**	**$ 3,185.0**	**8%**
Invested in Capital Assets, Net of Related Debt	1,754.8	1,589.3	10%
Restricted Net Assets	145.9	145.5	0%
Unrestricted Net Assets	565.2	487.8	16%
Total Net Assets	**$ 2,465.9**	**$ 2,222.6**	**11%**

FINANCIAL DETAIL

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Revenue

Agencywide Revenues

For the Six Months Ending June 30, 2006
Budget to Actuals

	Q1 Actuals	Q2 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals over/(under) YTD Budget	YTD Actuals as % of YTD Budget
REVENUE SOURCES						
Retail Sales and Use Tax	56,194,854	63,155,107	119,349,961	115,938,215	3,411,746	103%
Rental Car Tax	402,018	569,456	971,475	895,183	76,292	109%
Motor Vehicle Excise Tax	16,295,829	17,847,356	34,143,185	34,540,929	(397,744)	99%
Farebox Revenue	3,921,060	4,263,359	8,184,418	8,584,074	(399,656)	95%
Investment Income	8,261,907	8,887,982	17,149,889	3,255,630	13,894,259	527%
Miscellaneous Revenues	723,794	868,364	1,592,158	1,105,476	486,682	144%
OTHER FINANCING						
Local & State Contributions	5,552,785	4,173,913	9,726,698	2,420,460	7,306,238	402%
Federal Grants	8,273,111	23,660,558	31,933,669	71,121,120	(39,187,451)	45%
TOTAL SOURCES	**$ 99,625,357**	**$ 123,426,094**	**$ 223,051,452**	**$ 237,861,087**	**$ (14,809,635)**	**94%**

Revenue Notes

Retail Sales and Use Tax is over budget by $3.4M or 3%, and $9.6M or 8% over second quarter 2005, reflecting improved economic activity in the region.

Rental Car Tax is over budget by $76K or 9% and $40K, or 4% under 2005.

Motor Vehicle Excise Tax is under budget by $397.7K, or 1%. Second quarter MVET revenues are $2M, or 6%, higher than the second quarter MVET revenues in 2005.

Farebox Revenues are under budget by $399.7K or 5% yet they are $1.3M or 16% higher than the second quarter of 2005. While the increase from second quarter 2005 is attributable to increased service and year-to-date ridership, passenger fares were short of 2006 year-to-date budget. Estimates used for the budget forecast were based on assumed fares of $1.60 for REX and $2.35 for Sounder; while the average fare for boarding in the second quarter is projected at $1.38 for REX and $1.86 for Sounder. The regional fare program was revised at the beginning of the year, such that the average fare per boarding is no longer fixed and reflects more realistically the impact of pass holders on the calculations.

Investment Income is over budget by $13.9M or 427% of budget. Short-term interest rates have continued to rise, which has resulted in higher than expected interest earnings. In addition, agency cash balances are higher than projected. This budget is being amended to provide revised interest earnings for 2006. Investment income is $5.9M higher than 2005 second quarter investment earnings.

Miscellaneous Revenues are above budget by $486.7K or 44%. Included in this category is advertising on ST Express buses, Sounder revenue vehicle rental income, and rental property income. Miscellaneous Revenues are $373K or 23% below second quarter 2005 miscellaneous revenues.

Local, State and Federal Grants State and local contributions are over budget by $7.3M due to contributions from The Port of Tacoma and City of Tacoma of $8.7M for the D-Street project. Federal grants are below budget by $39.2M or 55% pending execution of FTA grants for the Link Light Rail Initial Segment, Airport Link, and Federal Way Direct Access project. This variance is primarily due to timing and actual grant revenues that should be in line with budget by the end of the year.

Combined Transit Operations Summary

For the Six Months Ending June 30, 2006
ST Express, Sounder, Link, & MIP

	Q1 Actuals	Q2 Actuals	YTD Total Actuals	YTD 2006 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
Revenues						
Passenger Fares	3,921,060	4,263,359	8,184,418	8,584,074	(399,656)	95%
Other Operating Revenues	643,513	621,835	1,265,348	1,055,352	209,996	120%
Total Operating Revenues	**4,564,572**	**4,885,193**	**9,449,766**	**9,639,426**	**(189,660)**	**98%**
Direct Operating Expenses						
Salaries & Benefits	463,176	446,838	910,014	895,308	(14,706)	102%
Services	2,563,820	3,101,093	5,664,914	8,334,023	2,669,109	68%
Materials & Supplies	449,044	772,668	1,221,712	1,074,250	(147,462)	114%
Insurance	359,151	514,857	874,008	1,117,584	243,576	78%
Purchased Transportation Svcs	15,380,087	15,699,009	31,079,096	31,922,688	843,592	97%
Miscellaneous Expenses	51,753	111,215	162,969	301,935	138,966	54%
Leases & Rentals	115,570	25,674	141,244	79,224	(62,020)	178%
Other Expenses	183,769	284,619	468,388	379,522	(88,866)	123%
Total Direct Operating Expenses	**$ 19,566,370**	**$ 20,955,973**	**$ 40,522,343**	**$ 44,104,534**	**$ 3,582,191**	**92%**
Agency Admin Allocations	1,377,027	1,574,225	2,951,252	3,077,490	126,238	96%
Fully Allocated Operating Expenses	**$ 20,943,397**	**$ 22,530,198**	**$ 43,473,595**	**$ 47,182,024**	**$ 3,708,429**	**92%**
Net Subsidy from Fully Allocated Operations	**$ (16,378,825)**	**$ (17,645,005)**	**$ (34,023,829)**	**$ (37,542,598)**	**$ 3,518,769**	**91%**
Contingency	-	-	-	989,748	970,746	-
Depreciation & Amortization	8,481,413	7,586,370	16,067,783	15,613,290	(454,493)	103%
Net Subsidy from Operations after Depreciation and Amortization	**$ (24,860,238)**	**$ (25,231,374)**	**$ (50,091,612)**	**$ (54,145,636)**	**$ 4,054,024**	**93%**
Ridership						
Boardings	2,909,948	3,113,152	6,023,100	5,455,468	567,632	110%
Average Weekday Boardings	40,570	43,564	42,028	38,553	3,475	109%

Capital Outlays by Line of Business

For the Six Months Ending June 30, 2006
ST Express, Sounder, Link, & Other

Current Year 2006

	2006 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	*b*	*c*	*[b - c]*	*[c/b]*
Sounder Commuter Rail	152,461,764	39,604,490	22,200,707	17,403,783	56%
Link Light Rail	530,299,231	261,830,524	230,917,410	30,913,114	88%
ST Express	59,686,079	26,109,781	39,216,297	(13,106,516)	150%
Other Capital	15,349,779	6,201,232	975,549	5,225,684	16%
TOTAL	**757,796,853**	**333,746,027**	**293,309,963**	**$40,436,064**	**88%**

Capital Plan 1997 - 2009

	Adopted Capital Plan	Life-to-date Outlays	Remaining Contract	Budget Remaining	% Spent and Committed
	d	*e*	*f*	*[d-(e+f)]*	*[(e+f)/d]*
Sounder Commuter Rail	1,226,976,328	808,416,197	68,619,866	349,940,265	71%
Link Light Rail	4,082,316,000	1,337,416,583	670,809,293	2,074,090,125	49%
ST Express	812,742,254	426,958,080	66,878,678	318,905,496	61%
Other Capital	201,593,015	124,448,233	9,751,272	67,393,510	67%
TOTAL	**6,323,627,596**	**2,697,239,093**	**816,059,108**	**2,810,329,395**	**56%**

Sounder Transportation Services

Sounder Commuter Rail Transit Operations
For the Six Months Ending June 30, 2006

	Q1 Actuals	Q2 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
Revenues						
Passenger Fares	702,970	1,555,660	2,258,630	1,479,636	778,994	153%
Other Operating Revenues	542,259	522,567	1,064,826	865,752	199,074	123%
Total Operating Revenues	**1,245,229**	**2,078,227**	**3,323,456**	**2,345,388**	**978,068**	**142%**
Direct Operating Expenses						
Salaries & Benefits	76,988	76,420	153,407	152,376	(1,031)	101%
Services	2,220,119	2,281,572	4,501,691	6,185,670	1,683,979	73%
Materials & Supplies	425,836	520,954	946,790	910,384	(36,406)	104%
Insurance	291,367	402,040	693,407	951,798	258,391	73%
Purchased Transportation Svcs	1,473,011	1,543,302	3,016,313	3,853,140	836,827	78%
Miscellaneous Expenses	36,109	67,522	103,630	99,912	(3,718)	104%
Leases & Rentals	46,390	10,235	56,625	45,000	(11,625)	126%
Other Expenses	80,400	105,445	185,844	167,097	(18,747)	111%
Total Direct Operating Expenses	**$ 4,650,220**	**$ 5,007,489**	**$ 9,657,709**	**$ 12,365,377**	**$ 2,707,668**	**78%**
Agency Admin Allocations	435,026	545,185	980,211	869,646	(110,565)	113%
Fully Allocated Operating Expenses	**$ 5,085,246**	**$ 5,552,674**	**$ 10,637,920**	**$ 13,235,023**	**2,597,103**	**80%**
Net Subsidy from Fully Allocated Operations	**$ (3,840,017)**	**$ (3,474,447)**	**$ (7,314,464)**	**$ (10,889,635)**	**$ 3,575,171**	**67%**
Contingency	-	-	-	-	-	-
Depreciation & Amortization	4,428,889	3,482,476	7,911,365	7,340,334	(571,031)	108%
Net Subsidy from Operations after Depreciation and Amortization	**$ (8,268,906)**	**$ (6,956,923)**	**$ (15,225,829)**	**$ (18,229,969)**	**$ 3,004,140**	**84%**
Ridership						
Boardings	382,123	418,161	800,284	623,683	176,601	128%
Average Weekday Boardings	5,750	6,298	6,024	4,948	1,076	122%

Sounder Transportation Services Notes

Net subsidy before depreciation for the quarter was $10.9 million or 67% of the 2006 YTD Budget. Revenues exceeded budget by $978K, while expenses were under budget by $2.6M. The largest variances are in Services, Insurance, and Purchased Transportation and are discussed below.

Revenues and Ridership: Passenger Fares exceeded YTD budget by $779K or 53%. Ridership is trending higher than the budget by 28%. Non-transportation revenue, primarily the revenue associated with the leasing of Sounder vehicles to other jurisdictions, exceeded the budget by $199K, or 23%.

Services were under the 2006 YTD budget by $1.7M or 27%. The largest component of this variance was in maintenance of stations, which was under budget by $418K. This is due to discretionary maintenance projects that will occur later this year when the bid process is complete. Some electrical projects and miscellaneous services were also determined to be unnecessary. Security services are under budget by $178K due to a lag in processing of vendor invoices and are expected to be at budget at year-end. Budgeted programs for ticket vending machines were underspent by $63K.

Materials & Supplies were over 2006 YTD Budget by $36K or 4%. This is primarily due to the increase in fuel costs, which were over the budgeted levels by 5%. Staff will continue to monitor fuel cost trends to determine the need for a budget amendment by year end.

Insurance was under 2006 YTD Budget by $258K or 27%. Premium payments were less than budgeted, and claim reserves have also been lower than expected. This category includes railroad protective/liability and rolling stock coverage.

Purchased Transportation Services were under 2006 YTD Budget by $837K or 22%. Maintenance-of-way costs have come in under budget, and the annual increase in per-train-mile rates was less than budgeted. In addition, trips cancelled due to mudslides during the first quarter have resulted in some savings against the budgeted operating plan. This variance should reduce in the second half with the extra event service for the Mariners and Seahawks.

Leases and Rentals were over 2006 YTD Budget by $11K or 26%. This reflects a timing difference on the payments for some leases, as well as the addition of several small leases in an effort to add parking capacity and increase access to Sounder service. This item is expected to be slightly over budgeted levels at year end.

Agency Allocations were over 2006 YTD Budget by $111K or 13%. The allocation rules were revised after the adoption of the 2006 budget. A budget amendment to shift funds from ST Express to the Mobility Initiative Program, Sounder and Tacoma Link will be taken to the Board in the third quarter. There is no change in total allocated costs expected to be charged to transit operations.

ST Express Transit Operations

For the Six Months Ending June 30, 2006

	Q1 Actuals	Q2 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
Revenues						
Passenger Fares	3,218,089	2,705,769	5,923,858	7,104,438	(1,180,580)	83%
Other Operating Revenues	101,254	99,268	200,522	189,600	10,922	106%
Total Operating Revenues	**$ 3,319,343**	**$ 2,805,037**	**$ 6,124,380**	**$ 7,294,038**	**$ (1,169,658)**	**84%**
Direct Operating Expenses						
Salaries & Benefits	51,562	26,866	78,428	92,958	14,530	84%
Services	180,413	479,242	659,655	1,180,465	520,810	56%
Materials & Supplies	8,880	227,740	236,620	91,620	(145,000)	258%
Insurance	3,805	5,650	9,455	11,880	2,425	80%
Purchased Transportation Svcs	13,907,076	14,155,706	28,062,783	28,069,548	6,766	100%
Miscellaneous Expenses	10,534	37,092	47,626	158,553	110,927	30%
Leases & Rentals	69,180	15,033	84,213	32,226	(51,987)	261%
Other Expenses	79,822	149,106	228,928	157,465	(71,463)	145%
Total Direct Operating Expenses	**$ 14,311,270**	**$ 15,096,436**	**$ 29,407,706**	**$ 29,794,715**	**$ 387,009**	**99%**
Agency Admin Allocations	838,724	888,253	1,726,977	2,103,468	376,491	82%
Fully Allocated Operating Expenses	**$ 15,149,994**	**$ 15,984,689**	**$ 31,134,683**	**$ 31,898,183**	**$ 763,500**	**98%**
Net Subsidy from Fully Allocated Operations	**$ (11,830,651)**	**$ (13,179,652)**	**$ (25,010,303)**	**$ (24,604,145)**	**$ (406,158)**	**102%**
Contingency	-	-	-	970,746	970,746	-
Depreciation & Amortization	3,365,155	3,402,757	6,767,912	6,940,872	172,960	98%
Net Subsidy from Operations after Depreciation and Amortization	**$ (15,195,806)**	**$ (16,582,409)**	**$ (31,778,215)**	**$ (32,515,763)**	**$ 737,548**	**98%**
Ridership						
Boardings	2,308,866	2,468,859	4,777,725	4,418,022	359,703	108%
Average Weekday Boardings	31,940	34,262	33,064	30,750	2,314	108%

ST Express Transportation Services Notes

Net subsidy from fully allocated transit operations was 102% of the 2006 YTD Budget. Revenues were under budget by $1.2M and expenses were over budget by $406K. The key budget variances are discussed below.

Passenger Fares and Ridership: Passenger Fares were under 2006 YTD Budget by $1.2M or 16%. Fares are under budget even though ridership exceeds forecast due to a lower average fare per boarding than used for estimating the budget. Fare integration funds were substantially spent at the end of last year and the regional fare program was revised. Under the current program, each agency is more exposed to volatility in the AFB depending upon factors such as pass utilization.

Services were under 2006 YTD Budget by $521K or 44%. Maintenance of vehicle costs are under budget by approximately $114K as scheduled major maintenance programs will occur later in the year. Maintenance of stations costs are under budget by $293K. Some scheduled maintenance projects have not been started and will occur later this year as the bid process is complete. Signage maintenance costs are under the YTD budget by approximately $48K due to lower than anticipated activity. Marketing services are under the YTD 2006 by $113K but are expected to pick up in late summer. Security costs are $73K under budget but are related to timing differences and are expected to be at budgeted levels at year end.

Materials and Supplies were over 2006 YTD budget by $145K. This is due to the engine retrofit expenses for the buses transferred from the capital project to operations. A budget transfer of $750K from

the bus capital project to the ST Express operations will be taken to the Board in September. Items underspent through the second quarter included supplies for marketing and uniforms. The budget for uniforms will not be spent by the end of the year.

Purchased Transportation Services were right on 2006 YTD Budget. Fuel costs, which are included here for ST Express have been running at the budgeted levels on average for the year, but if increasing cost trends continue, there could be a need for a budget amendment.

Miscellaneous Expenses were under 2006 YTD Budget by $111K or 70%. The variance is due to marketing campaigns which will occur later in the year.

Lease and Rentals were $52K over the budget. This is due to a one-time payment for the Bellevue Rider Services Building lease in the first quarter and the lease of two buses for South King County in the second quarter. This category will continue to be over the budget throughout the year as the lease of the buses will continue.

Other Expenses are over the YTD budget by $71K or 45%. The largest item is a $46K tax payment to the City of Federal Way which has subsequently been refunded. Additionally, utilities costs for the new Federal Way TC were underestimated in the 2006 budget.

Agency Administration Allocations is the staff operating costs allocated from both corporate and line of business departments. The allocation rules for agency costs were revised after the adoption of the 2006 budget. A budget amendment to shift funds from ST Express to the Mobility Initiative Program, Sounder and Tacoma Link will be taken to the Board in the third quarter. There is no change in total allocated costs expected to be charged to transit operations.

Tacoma Link Transportation Services

Tacoma Link Transit Operations
For the Six Months Ending June 30, 2006

	Q1 Actuals	Q2 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
Revenues						
Passenger Fares	-	1,930	1,930	-	1,930	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenues	**-**	**1,930**	**1,930**	**-**	**1,930**	**-**
Direct Operating Expenses						
Salaries & Benefits	312,360	285,942	598,302	649,974	51,672	92%
Services	132,468	269,183	401,651	596,866	195,215	67%
Materials & Supplies	14,328	23,532	37,861	70,032	32,171	54%
Insurance	63,979	107,167	171,146	153,906	(17,240)	111%
Purchased Transportation Svcs	-	-	-	-	-	-
Miscellaneous Expenses	286	1,333	1,619	36,654	35,035	4%
Leases & Rentals	-	405	405	1,998	1,593	0
Other Expenses	23,547	30,071	53,618	54,960	1,342	98%
Total Direct Operating Expenses	**$ 546,968**	**$ 717,634**	**$ 1,264,602**	**$ 1,564,390**	**$ 299,788**	**81%**
Agency Admin Allocations	103,277	112,263	215,540	104,376	(111,164)	207%
Fully Allocated Operating Expenses	**$ 650,245**	**$ 829,897**	**$ 1,480,142**	**$ 1,668,766**	**$ 188,624**	**89%**
Net Subsidy from Fully Allocated Operations	**$ (650,245)**	**$ (827,967)**	**$ (1,478,212)**	**$ (1,668,766)**	**$ 190,554**	**89%**
Contingency				-	-	-
Depreciation & Amortization	687,368	701,137	1,388,506	1,332,084	(56,422)	104%
Net Subsidy	**$ (1,337,613)**	**$ (1,529,105)**	**$ (2,866,718)**	**$ (3,000,850)**	**$ 134,132**	**96%**
Ridership						
Boardings	218,959	226,132	445,091	413,763	31,328	108%
Average Weekday Boardings	2,880	3,004	2,940	2,855	85	103%

Tacoma Link Transportation Services Notes

The net subsidy before depreciation for Tacoma Link light rail operations was at 89% of the YTD budget.

Operating Revenue: Tacoma Link received its first special event revenue in June resulting from an agreement with Washington State Education Association for extended hours during their convention.

Ridership: Ridership was over 2006 YTD Budget by 31K or 8% and increased by 2.4% compared to the same period of 2005. Demand for Tacoma Link service continues to exceed 2010 forecasts.

Salaries & Benefits were under the 2006 YTD Budget by $52K, or 8%. There has been one vacancy for much of the year. This position is being reevaluated to better enhance service supervision.

Services were under 2006 YTD Budget by $195K or 67%. Maintenance of stations has been under budgeted levels as some funding for repairs has not been necessary. Maintenance of way costs are over the YTD budget by $10K, due to the repair of the broken rail in late May. Additionally, work on the overhead catenary system will take place later this year. However, these costs are expected to be at budget at year end. Maintenance of vehicles was under budget as a planned upholstery replacement has been delayed into later in the year. Marketing costs are below budget by $21K but are anticipated to catch up later this year.

Materials and Supplies were under 2006 YTD Budget by $32K or 46%. Spare parts usage has been lower than expected and the need for specialized tools has not been required to date.

Insurance was over 2006 YTD Budget by $17K or 11%. This is due to a charge intended to fund insurance reserves for potential claims.

Miscellaneous Expenses were under 2006 YTD Budget by $35K. Budgeted training funds have not been used, and there have been no Tacoma Link marketing campaigns this year.

Agency Allocations were over 2006 YTD Budget by $111K or 107%. The allocation rules for agency costs were revised after the adoption of the 2006 budget. A budget amendment to shift funds from ST Express to the Mobility Initiative Program, Sounder and Tacoma Link will be taken to the Board in the third quarter. There is no change in total allocated costs expected to be charged to transit operations.

Mobility Initiative Program

Mobility Initiative Program
For the Six Months Ending June 30, 2006

	Q1 Actuals	Q2 Actuals	YTD Actuals	YTD Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	Actuals as % of Budget
Direct Operating Expenses						
Salaries & Benefits	22,266	57,611	79,877	-	(79,877)	N/A
Services	30,821	71,096	101,916	371,022	269,106	27%
Materials & Supplies	-	442	442	2,214	1,772	20%
Insurance	-	-	-	-	-	N/A
Purchased Transportation Svcs	-	-	-	-	-	-
Miscellaneous Expenses	4,825	5,269	10,094	6,816	(3,278)	148%
Leases & Rentals	-	-	-	-	-	-
Other Expenses	-	(3)	(3)	-	3	N/A
Total Direct Operating Expenses	**$ 57,912**	**$ 134,414**	**$ 192,326**	**$ 380,052**	**$ 187,726**	**51%**
Agency Admin Allocations	-	28,524	28,524	-	(28,524)	0%
Fully Allocated Operating Expenses	**$ 57,912**	**$ 162,938**	**$ 220,850**	**$ 380,052**	**$ 159,202**	**58%**
Net Subsidy from Fully Allocated Operations	**$ (57,912)**	**$ (162,938)**	**$ (220,850)**	**$ (380,052)**	**$ (159,202)**	**58%**
Contingency	-	-	-	19,002	-	0%
Depreciation & Amortization	-	-	-	-	-	0%
Net Subsidy from Operations	**$ (57,912)**	**$ (162,938)**	**$ (220,850)**	**$ (399,054)**	**$ (159,202)**	**55%**

Mobility Initiative Program Notes

The Mobility Initiative Program was previously recorded as part of the ST Express transit operations budget. Beginning with the 2006 budget, the MIP is now shown as a separate mode, reflecting the fact that the MIP provides support services for accessibility for all three modes currently operated by Sound Transit.

Net subsidy for the quarter was 58% of the 2006 YTD Budget.

Salaries and benefits were not budgeted but were included in the Customer Service and Accessibility Division. A budget amendment in September will reallocate funding into the MIP program. There are currently two FTEs and an intern associated with this program.

Services were under the budget by $269K or 73%. Budgeted payments to help fund rider accessibility positions at our transit partners have not occurred as planned in the budget.

Miscellaneous expenses were over budget by $3K or 48%. This is largely due to the out of town travel for conference and training that took place in the second quarter. Actual expenditures are expected to be at budget by year-end.

Agency Allocations were over budget by $29k. The allocation rules for agency costs were revised after the adoption of the 2006 budget. A budget amendment to shift funds from ST Express to the Mobility Initiative Program, Sounder and Tacoma Link will be taken to the Board in the third quarter. There is no change in total allocated costs expected to be charged to transit operations.

Sounder Commuter Rail - Capital Outlays by Phase

For the Six Months Ending June 30, 2006

Current Year 2006

Phase	2006 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	*b*	*c*	*[b - c]*	*[c / b]*
Agency Administration	8,115,042	3,128,621	2,400,753	727,868	77%
Preliminary Engineering	40,574	39,708	433,635	(393,927)	1092%
Final Design	6,334,994	3,966,827	3,170,452	796,375	80%
ROW Acq. & Permits	56,238,910	5,102,018	3,195,174	1,906,844	63%
Construction	79,906,793	26,373,851	13,000,693	13,373,159	49%
Vehicles	-	-	-	-	-
Contingency	1,825,451	993,465	-	993,465	0%
TOTAL	**$ 152,461,764**	**$ 39,604,490**	**$ 22,200,707**	**$ 17,403,783**	**56%**

Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	*e*	*f*	*[d-(e+f)]*	*[(e+f)/d]*
Agency Administration	55,285,292	34,960,490	-	20,324,802	63%
Preliminary Engineering	26,924,866	25,073,405	665,688	1,185,772	96%
Final Design	33,054,913	24,652,153	4,269,053	4,133,708	87%
ROW Acq. & Permits	355,087,359	240,841,364	360,551	113,885,444	68%
Construction	586,286,420	340,003,035	63,324,573	182,958,811	69%
Vehicles	142,280,399	134,504,945	0	7,775,454	95%
Contingency	28,057,080	-	-	28,057,080	0%
Unabsorbed Overhead		8,380,805		(8,380,805)	
TOTAL	**$ 1,226,976,328**	**$ 808,416,197**	**$ 68,619,866**	**$ 349,940,265**	**71%**

Sounder Capital

Agency Administration spending was at 77% of the YTD 2006 budget. This category includes the total administrative overhead charged to capital projects. Expenditures are lower than budgeted due to 12 vacant FTE positions in the department, of which 3 are dedicated to the Sounder program, 6 to the Regional Express program, and 3 that are technical staff supporting both programs.

Preliminary Engineering spending exceeds the annual budget by $394 thousand; however, it is well within the lifetime budget.

- Permitting/Environmental Mitigation outlays of $228K expected in 2005 were incurred in 2006.
- Edmonds Station was under spent by $142K as engineering had been delayed while the Amtrak pedestrian crossing issue was resolved.
- Lakewood Station was under spent by $151K, a phase level savings that will be moved to contingency in the 2007 budget.

Final Design annual spending was at 80% of the YTD 2006 budget.

- The Permitting/Environmental Mitigation project was under spent by $224K, due to delays encountered while a decision related to mitigation site and size is being made.
- Tacoma-Lakewood Track & Signal was under spent by $638K due to the delay in progressing design work as assessment of locomotive performance and the need to undertake a feasibility study to replace the at-grade crossings with an overpass alignment has been underway.

- South Tacoma Station was under spent by $210K; property acquisition issues are causing delays.
- Reservation-Freighthouse was under spent by $226K, the expenses for the design contract have been charged to construction instead of final design.
- Mukilteo Station was overspent by $553K due to acceleration of the north platform design to meet the service target date of mid-2007.

ROW spending was at 63% of the YTD 2006 budget.

- The Permitting/Environmental Mitigation activities in this phase were under spent by $1.7M because the ROW acquisition will not take place until the end of the year.
- South Tacoma Station was underspent by $337K due to delay caused by the appeal of the ROW acquisition by condemnation.
- Lakewood Station was $492K underspent, representing a reduction in the amount of real estate required for the revised project scope.
- Nisqually-Lakewood ROW was $251K underspent; property acquisition is to take place in September, but it was anticipated to occur throughout 2006.
- Tacoma-Lakewood Track & Signal was overspent by $910K because spending anticipated in 2005 did not occur until 2006.

Construction spending was at 49% of the YTD 2006 budget.

- Reservation-Freighthouse reflects $5.5M credited from the deferred revenue account to the project for expenses that occurred prior to this year. Actual expenditures for this project are $203K through June.
- Everett Station Phase II was under spent by $3.4M due to the extension of the final design phase into the 3rd quarter.
- Tacoma-Lakewood Track & Signal was under spent by $6.4M due to the need to resolve design phase issues and alternative analysis of an overpass option.
- Edmonds Station was under spent by $1.3M as engineering has been delayed while the Amtrak pedestrian crossing issue was addressed.
- Offsetting this lower spending is the overspending in both the Seattle-Auburn Track & Signal and the Auburn-Tacoma Track & Signal projects, totaling $4M; schedule and spending are dependent on the progress of Phase II improvements.

Vehicles for Sounder have been completely purchased; budget responsibility associated with operations and warranties has been transferred to the Transportation Services Department in the 2006 budget process.

ST Express Capital

ST Express - Capital Outlays by Phase

For the Six Months Ending June 30, 2006

Current Year 2006

Phase	2006 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	*b*	*c*	*[b - c]*	*[c/b]*
Agency Administration	3,516,037	1,694,346	1,665,831	28,516	98%
Prelim. Engineering	2,518,562	2,153,563	453,918	1,699,644	21%
Final Design	9,923,397	4,886,710	4,969,394	(82,685)	102%
ROW Acq. & Permits	2,556,452	1,072,192	1,277,501	(205,309)	119%
Construction	40,186,579	15,767,148	30,849,653	(15,082,505)	196%
Contingency	985,053	535,823	-	535,823	0%
TOTAL	**$ 59,686,079**	**$ 26,109,781**	**$ 39,216,297**	**$ (13,106,516)**	**150%**

Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	*e*	*f*	*[d-(e+f)]*	*[(e+f)/d]*
Agency Administration	41,845,641	21,510,474	13,197	20,321,970	51%
Prelim. Engineering	52,865,402	47,082,465	1,485,354	4,297,583	92%
Final Design	53,736,798	36,084,675	5,599,225	12,052,898	78%
ROW Acq. & Permits	62,073,437	44,493,090	1,761,292	15,819,055	75%
Construction	512,921,757	266,958,866	58,019,610	187,943,281	63%
Contingency	89,299,219	-	-	89,299,219	0%
Unabsorbed Overhead	-	10,828,510	-	(10,828,510)	-
TOTAL	**$ 812,742,254**	**$ 426,958,080**	**$ 66,878,678**	**$ 318,905,496**	**61%**

Regional Express Capital Outlay Notes

Agency Administration spending was at 98% of the YTD 2006 budget. This category includes the total administrative overhead charged to capital projects. Expenditures are lower than budgeted due to 12 vacant FTE positions in the department of which 6 are dedicated to the Regional Express program, 3 to the Sounder program and 3 that are technical staff supporting both programs.

Preliminary Engineering spending was at 21% of the YTD 2006 budget.

- Rainier Ave./Hardie Ave. Arterial Improvements was under spent by $1.8M. ST's contribution to the project will be paid to the City of Renton once they complete the work and bill us.
- Eastgate Transit Access reflects project savings of $228K in the PE/ED phase which is now complete.
- Mountlake Terrace Freeway Station was over spent by $107K. Additional work was necessary on the Environmental Assessment relating to wetlands and drainage.
- Kirkland Transit Center was over spent by $203K. Early design work and community outreach is being accomplished at a faster rate than was anticipated in the 2006 annual budget but is still in line with the PE/ED lifetime budget.

Final Design spending was at 102% of the YTD 2006 budget.

- I-90 Two-Way Transit and HOV Operations spending is ahead of the anticipated schedule by $793K as design task order contingency was used to fund changes related to design refinement.
- South Everett Freeway Station was overspent by $433K because final design was completed ahead of schedule.
- Mountlake Terrace Freeway Station was under budget by $420K due to protracted negotiations with WSDOT. Final design activities have not yet been started.
- Strander Boulevard Extension was underspent by $125K, the City of Renton is the lead on this project and to date no billing has been received.
- Woodinville TOD was under spent by $229K. Expenses currently charged to the TOD group will be transferred to the capital project in the amount of $207K.
- Redmond Transit Center was under spent by $205K waiting upon execution of the funding agreement with King County Metro and the City of Redmond.

ROW spending was at 119% of the YTD 2006 budget.

- I-90 Two-way Transit & HOV Operations was $122K under budget. ROW will not be required for Stage 1 and the cost of obtaining the necessary permits and approvals is less than what had been anticipated.
- SR522 HOV Enhancements/Kenmore was $365K over budget as the property acquisition was budgeted in 2005; however it was not incurred until 2006.

Construction spending was at 196% of the YTD 2006 budget. Spending on several projects was higher than budget due to expenditures budgeted in 2005 occurring in 2006 or in project schedules being accelerated as follows:

- Totem Lake Freeway Station - $8.3M. Construction spending has progressed more quickly than was budgeted.
- Federal Way HOV Access – $2.7M. Construction was scheduled to be complete in 2005, but a major change order required an extension of schedule into 2006. The facility opened on schedule.
- Eastgate Transit Access - $3.5M. Construction started slowly, and outlays that were expected in 2005 were pushed into 2006, additional work was done in 2006 to allow HOV access. Facility opening was delayed from the 2nd quarter to the 3rd quarter.
- Federal Way Transit Center - $866K. Construction was scheduled to be complete in 2005, but the contractor did not meet schedule and construction extended into the 1st quarter of 2006. The facility opened on schedule.
- Mercer Island Park & Ride - $2.5M. Construction is progressing faster than anticipated.
- Sammamish Park & Ride – $467K. Construction started in 2005 and was delayed due to real estate issues, the work budgeted to occur in 2005 was completed in the 1st quarter 2006. The facility opened on schedule.
- Issaquah Highlands Park & Ride was $2.6M under spent, due to a cash contribution to King County Metro that has not yet been made. Initial discussions with King County forecast a savings of approximately $800K in this project.
- Issaquah Transit Center is $522K under spent due to the withholding of the mobilization allowance until the contractor has an approved construction schedule.

Link Capital

Link Light Rail - Capital Outlays by Phase

For the Six Months Ending June 30, 2006

Current Year 2006

Phase	2006 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	*b*	*c*	*[b - c]*	*[c/b]*
Agency Administration	43,879,381	21,868,935	13,372,026	8,496,909	61%
Preliminary Engineering	3,009,665	1,713,134	830,751	882,383	48%
Final Design	26,608,488	8,058,754	10,005,910	(1,947,156)	124%
ROW Acq. & Permits	32,213,151	22,040,034	10,811,246	11,228,788	49%
Construction	390,241,661	190,549,731	185,253,935	5,295,795	97%
Vehicles	33,169,884	17,599,937	10,643,541	6,956,396	60%
Testing and Start-Up	-	-	-	-	-
Contingency	1,177,001	-	-	-	-
TOTAL	**$ 530,299,231**	**$ 261,830,524**	**$ 230,917,410**	**$ 30,913,114**	**88%**

Capital Plan 1997 - 2009

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	*e*	*f*	*[d-(e+f)]*	*[(e+f)/d]*
Agency Administration	317,849,880	118,321,052	3,362,720	196,166,108	38%
Preliminary Engineering	98,587,767	91,210,997	977,796	6,398,974	94%
Final Design	272,922,450	160,322,314	15,094,399	97,505,737	64%
ROW Acq. & Permits	396,541,088	229,521,814	2,034,083	164,985,191	58%
Construction	2,554,551,263	670,923,194	541,454,784	1,342,173,285	47%
Vehicles	297,109,553	50,801,438	107,885,510	138,422,605	53%
Testing and Start-Up	434,019	434,019	-	-	100%
Contingency	144,319,980	-	-	144,319,980	0%
Overhead Reserve	-	15,881,755	-	(15,881,755)	-
TOTAL	**$ 4,082,316,000**	**$ 1,337,416,583**	**$ 670,809,293**	**$ 2,074,090,125**	**49%**

Link Capital Outlay Notes

Initial Segment construction is progressing along the entire 14-mile corridor between Downtown Seattle and 154th Street in Tukwila, including the major systems contracts and the procurement of the light rail vehicles, and is on schedule for project completion in mid-2009. Systems installation began in the E3 Busway in April 2006, and the Operations & Maintenance Facility is projected to be completed in November 2006. Vehicle procurement is generally on schedule, with the first car to be delivered for testing in September 2006.

In late April 2006 the Sound Transit Board selected the preferred alignment for North Link and adopted the project budget and financial plan for University Link, which includes taking steps to secure a federal Full Funding Grant Agreement (FFGA). The University Link project has been rated "High" by the FTA in their New Starts process. The Final Supplemental EIS for North Link was published in early April. In early June the FTA issued the Record of Decision (ROD) for North Link, which will allow Sound Transit to proceed with property acquisitions for North Link projects.

In April 2006 the ST Board authorized execution of the Memorandum of Agreement (MOA) with the Port of Seattle that outlines the plan for constructing Airport Link. In June 2006 the Sound Transit Board

authorized award of the two major civil construction contracts, with construction scheduled to begin this summer in support of completing Airport Link by the end of 2009.

Tacoma Link contracts are complete, and project closure is in process.

Agency Administration outlays through the second quarter of 2006 are equal to 61% of the YTD budget plan. Actual agency allocation (overhead) rates for University Link and Airport Link exceed those budgeted for these two projects. This budget category includes: Link staff support costs, agency costs allocated to projects and direct charges.

Preliminary Engineering outlays through the second quarter of 2006 are equal to 48% of the YTD budget plan. Preliminary engineering is complete for the Initial Segment, University Link, and Airport Link. Expenditures would be for environmental monitoring or coordination with the University of Washington and other third parties along the North Link alignment north of UW Station.

Final Design outlays for the first half of 2006 are equal to 124% of the YTD budget plan. Expenditures for the Initial Segment are related to design support for major construction activities. Design changes for the Beacon Hill Tunnel and relocation of the station platform continue to impact expenditures through this period. Airport Link expenditures for ongoing final design, also higher than planned, reflect an accelerated schedule.

ROW Acquisition & Permits outlays for the first six months of 2006 are 49% of the YTD budget plan. A surge in expenditures during second quarter reflects property acquisitions for the Tukwila section of the Initial Segment moving forward.

Construction outlays through the second quarter of 2006 are 97% of the YTD budget plan. Initial Segment construction is generally progressing on schedule towards projected completion in July 2009. During this period DSTT ramped up and is on schedule to reopen by September 2007. The E-3 Busway guideway work was turned over to systems contractors to begin installations. Productivity rates for section pre-cast guideway and span erection continued to improve. The Operations & Maintenance Facility is nearing completion, but overall construction of the facility is not projected to complete until November 2006. Costs for Airport Link are for construction permits.

Vehicles outlays for the first half of 2006 are 60% of the YTD budget plan. The current payment plan for this contract is tied to specific deliverables and is apportioned between the Initial Segment and Airport Link. Progress for the light rail vehicle procurement is generally on schedule, and the first light rail vehicles are being assembled and tested in preparation for delivery of the first car in September 2006.

Testing and Start-Up outlays are for Tacoma Link in prior years. Testing and start-up for the Initial Segment is included in the Construction phase.

Agency Summary by Department

Staff Operating Departments - Before Expense Transfers & Transfers to Other Govts
For the Six Months Ending June 30, 2006
Budget to Actuals

	Q1 Actuals	Q2 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Board Administration	129,001	138,710	267,711	343,648	75,937	78%
Communications	1,138,390	1,497,741	2,636,131	3,080,837	444,706	86%
Capital Projects	1,076,272	937,133	2,013,406	2,326,632	313,226	87%
Executive Department	1,009,562	1,266,979	2,276,541	2,538,280	261,739	90%
Finance & Information Technology	2,311,128	2,555,140	4,866,268	5,561,365	695,097	88%
Legal Services	647,035	525,204	1,172,238	1,247,051	74,813	94%
Link	2,076,388	2,129,469	4,205,857	4,339,316	133,459	97%
Non-Dept	1,072,651	1,020,865	2,093,516	2,098,946	5,430	100%
Project Delivery Support Services	1,587,905	1,356,876	2,944,780	3,555,497	610,717	83%
Transportation Services	872,330	926,912	1,799,242	2,422,198	622,956	74%
TOTAL	**$ 11,920,662**	**$ 12,355,029**	**$ 24,275,691**	**$ 27,513,770**	**$ 3,238,080**	**88%**

Staff & Other Expenses

For the Six Months Ending June 30, 2006
Budget to Actuals

	Q1 Actuals	Q2 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Salaries & Benefits	8,511,783	8,191,325	16,703,109	17,760,128	1,057,019	94%
Services	1,663,439	1,927,490	3,590,930	4,937,046	1,346,116	73%
Materials & Supplies	98,042	326,270	424,312	803,953	379,641	53%
Miscellaneous Expenses	307,230	619,246	926,475	1,144,138	217,663	81%
Leases & Rentals	449,715	473,191	922,907	973,089	50,182	95%
Other Expenses	303,125	280,946	584,072	760,712	176,640	77%
Depreciation	587,326	536,560	1,123,886	1,134,704	10,818	99%
Gross Staff Operating Expenses	**$ 11,920,662**	**$ 12,355,028**	**$ 24,275,691**	**$ 27,513,770**	**$ 3,238,080**	**88%**
Expense Transfers	(7,546,251)	(7,545,846)	(15,092,097)	(17,710,422)	(2,618,325)	85%
Contributions to Other Governments	28,534,025	-	28,534,025	-	(28,534,025)	-
Net Staff Operating Expenses	**$ 32,908,436**	**$ 4,809,182**	**$ 37,717,619**	**$ 9,803,348**	**$ (27,914,270)**	**385%**
Other Expenses						
Transit Vision	1,144,871	1,092,063	2,236,934	8,639,870	6,402,936	26%
Transit-Oriented Development	13,951	36,165	50,116	180,000	129,884	28%
STart	3,700	11,142	14,842	65,000	50,158	23%
Link Community Development	-	-	-	-	-	-
Community Development Fund	307,214	322,941	630,156	952,744	322,588	66%
Debt Service Costs	112,605	113,457	226,062	213,264	(12,798)	106%
Non-Capitalizable LOB expenses	279,181	1,141,153	1,420,336	741,720	(678,616)	191%
Total Other Expenses	**$ 1,861,522**	**$ 2,716,921**	**$ 4,578,444**	**$ 10,792,598**	**$ 6,214,154**	**42%**
Grand Total Operating Expenses	**$ 34,769,958**	**$ 7,526,103**	**$ 42,296,063**	**$ 20,595,947**	**$ (21,700,117)**	**205%**

Staff Operating Notes

Salaries and Benefits were below budget by $1M, or 6%, at the end of second quarter. This is due to lower than budgeted headcount, which directly affects these expenditure levels. There were 339 filled corporate department positions on June 30th compared to 374 budgeted administrative department positions.

Services were below budget by $1.3K, or 27%, at the end of second quarter. The agency was planning to present a ballot measure for the ST2 Plan in the calendar year 2006; however, in March the State Legislature passed a bill requiring the agency to hold the vote in November of 2007. Accordingly, there are some related communications services and mailing budget that will not be spent this year.

Materials and Supplies were below budget by $380K, or 47%, at the end of second quarter. Spending in this category will most likely increase as the year continues and materials and supplies are required.

Miscellaneous Expenses were below budget by $217K, or 19%, at the end of second quarter. Contingency is part of this account category which remains largely unspent year to date.

Leases & Rentals were below budget by $50K, or 5%, at the end of second quarter. This category includes administrative facilities rent, parking garage lease and meeting space rentals.

Other Expenses were below budget by $176K, or 23%, at the end of second quarter. This category includes insurance, utilities, taxes and interest.

Depreciation was over budget by $10K or 1%. Included in the category is depreciation on assets such as fleet vehicles, Union Station building, Furniture and Fixtures, Computer Equipment, Office Equipment, Software and Capital Leases.

Expense Transfers were under budget by $2.6M, or 15%, at the end of second quarter. This category represents the allocated overhead dollars that are transferred to capital and operating projects. This category was under budget due to $3.2M in overall lower spending in the staff operating departments compared with the budget.

Other Operating Costs Notes

Transit Vision was below budget by $6.4M, or 74%, at the end of the first quarter. This category includes operational spending for Fare Integration, Research & Technology and Phase 2 Planning. Legislature's recent requirement to postpone the ST2 vote until 2007 will result in underspending of the 2006 budget since this budget was produced assuming a vote in 2006.

Transit-Oriented Development was below budget by $130K, or 72%, at the end of second quarter. These funds are for transit-related studies and only spent as needed.

Community Development Fund was under budget by $323K, or 34%, at the end of first quarter.

Debt Service Costs were over budget by $13K, or 6%, at the end of second quarter reflecting a slight variance to our projected allocations to capital projects.

Non-Capitalizable LOB Expenses was over budget by $679K, or 91%, primarily due to accrued OCIP insurance claims that were budgeted in the Finance Department Staff budget but accrued here in Non-Capitalizable LOB Expenses. Claims reserves are new and based on actuarial estimates; they are anticipated to exceed the annual budget.

Transfers to other Governments: $28.5M was donated to other governments in the first quarter of 2006. The majority of this is the donation of the Federal Way HOV access to Washington State Department of Transportation.

Subarea Second Quarter 2006 Summaries

Subarea -2nd Quarter Summaries

Subarea Revenue Summary
Millions YOE$

2006 Tax Revenues	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Jun YTD Budget	18.5	38.2	27.7	39.7	27.3	0.0	151.4
Jun YTD Actual	19.4	38.7	28.1	40.0	28.3	0.0	154.5
$ Variance	0.9	0.5	0.4	0.3	1.0	0.0	3.1
% Variance	5.0%	1.4%	1.4%	0.7%	3.6%	-	2.0%
2006 Farebox Revenues							
Jun YTD Budget	1.3	0.0	1.4	3.8	2.1	0.0	8.6
Jun YTD Actual	1.2	0.0	1.1	3.2	2.7	0.0	8.2
$ Variance	-0.1	0.0	-0.3	-0.6	0.6	0.0	-0.4
% Variance	-9.9%	-	-18.9%	-16.3%	30.6%	-	-4.7%
2006 Grant Revenues							
Jun YTD Budget	7.4	24.4	25.6	2.2	13.9	0.1	73.5
Jun YTD Actual	0.5	9.6	11.4	2.2	17.9	0.1	41.7
$ Variance	-6.9	-14.8	-14.2	0.0	3.9	0.0	-31.9
% Variance	-93.3%	-60.8%	-55.4%	1.5%	28.2%	58.5%	-43.4%
2006 Other Revenues							
Jun YTD Budget	0.4	0.1	0.4	0.0	0.3	3.3	4.4
Jun YTD Actual	0.6	1.2	1.9	0.0	1.6	13.3	18.7
$ Variance	0.2	1.2	1.6	0.0	1.3	10.1	14.4
% Variance	49.0%	2369.2%	453.8%	687.5%	439.0%	309.0%	329.8%

Subarea Operating Expense & Capital Outlay Summary
Millions YOE$

2006 Transit Operating Expenses	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Jun YTD Budget	8.5	-	14.8	19.7	20.8		63.8
Jun YTD Actual	9.0	0.0	12.8	18.8	19.0	-	59.6
Percent Spent	105.5%	-	86.4%	95.9%	91.2%	-	93.5%
2006 Other Operating Expenses							
Jun YTD Budget	0.0	1.1	0.1	0.0	0.1	19.0	20.2
Jun YTD Actual	0.1	1.3	0.3	0.1	(0.0)	40.5	42.3
Percent Spent	NA	NA	NA	NA	NA	NA	NA
2006 Capital Outlays							
Jun YTD Budget	12.4	178.6	95.4	23.3	21.2	2.9	333.7
Jun YTD Actual	4.8	144.2	99.5	32.6	12.2	(1.5)	291.7
Percent Spent	38.4%	80.7%	104.3%	140.2%	57.4%	-50.9%	87.4%
2006 Lifetime Capital Outlays							
LTD Budget	571.6	3,145.1	1,327.2	609.6	635.5	33.0	6,322.0
LTD Actual	341.1	973.5	660.5	272.4	408.7	41.0	2,697.2
Outstanding Contracts	8.1	449.8	256.3	61.5	35.5	5.0	816.0
Percent Spent or Committed	61.1%	45.3%	69.1%	54.8%	69.9%	139.3%	55.6%

Subarea Net Asset Summary
Millions YOE$

2006 Net Asset Summary	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Invested Capital Assets	174.2	707.5	407.6	182.3	256.6	26.5	1,754.8
Restricted	1.2	2.2	41.2	-	33.5	67.9	145.9
Unrestricted	60.4	125.1	57.7	233.3	74.9	13.9	565.2
Total Net Assets	**235.8**	**834.7**	**506.5**	**415.6**	**365.0**	**108.3**	**2,465.9**